

S. No. 156  
H. No. 2842

Republic of the Philippines  
Congress of the Philippines  
Metro Manila

First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, nineteen hundred and eighty-seven.

[REPUBLIC ACT No. 6640 ]

AN ACT PROVIDING FOR AN INCREASE IN THE WAGE OF PUBLIC OR GOVERNMENT SECTOR EMPLOYEES ON A DAILY WAGE BASIS AND IN THE STATUTORY MINIMUM WAGE AND SALARY RATES OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. All workers and employees in the public or government sector on a daily wage basis shall receive an increase in the sum of ten pesos (P10.00) a day.

The Department of Budget and Management shall promulgate such rules and regulations to carry out the salary adjustment under this section.

SEC. 2. The statutory minimum wage rates of workers and employees in the private sector, whether agricultural or non-agricultural, shall be increased by ten pesos

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(P10.00) per day, except non-agricultural workers and employees outside Metro Manila who shall receive an increase of eleven pesos (P11.00) per day: *Provided*, That those already receiving above the minimum wage up to one hundred pesos (P100.00) shall receive an increase of ten pesos (P10.00) per day. Excepted from the provisions of this Act are domestic helpers and persons employed in the personal service of another.

SEC. 3. Where the application of the minimum wage increase prescribed under Section 2 results in distortions in the wage structure within an establishment which gives rise to a dispute therein, such dispute shall first be settled voluntarily between the parties and in the event of a deadlock, such dispute shall be finally resolved through compulsory arbitration by the National Labor Relations Commission's arbitration branch having jurisdiction over the workplace.

It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising under this section within thirty (30) days from the time said dispute is formally submitted to it for arbitration. The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of the wage increase covered by this Act.

For the purpose of this Act, wage distortion shall mean a situation where a legislated increase in minimum wages results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical basis of differentiation.

SEC. 4. All workers paid by result, including those who are paid on piecework, *takay*, *pakyaw* or task basis, shall receive not less than the applicable statutory minimum wage prescribed herein per eight (8) hours work a day, or a proportion thereof for working less than eight (8) hours.

SEC. 5. Learners, apprentices and handicapped workers shall be entitled to not less than seventy-five percent (75%) of the applicable adjusted minimum wage. A handicapped worker is one whose efficiency or quality of work is impaired by his disability in relation to the work performed.

All recognized learnership and apprenticeship agreements entered into before the effective date of this Act shall be considered as automatically modified insofar as their wage clauses are concerned to reflect the increase provided in this Act.

SEC. 6. In the case of contracts for construction projects and for security, janitorial and similar services, the increase in the minimum wage of the workers shall be borne by the employers of the construction workers, security guards, janitors, and others similarly situated: *Provided, however*, That the principal or client of the construction and service contractor shall be subsidiarily liable: *Provided, further*, That the subsidiary liability shall not apply to construction of family homes worth not more than two hundred thousand pesos (P200,000.00).

SEC. 7. Nothing in this Act shall be construed to reduce any existing allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between workers and employers.

SEC. 8. The Department of Labor and Employment may, upon application by an employer in the retail business regularly employing not more than ten (10) workers, grant him exemption from compliance with the provisions of this Act.

Whenever an application for exemption has been duly filed with the National Wages Council, action by the Regional Office of the Department on any complaint for alleged non-compliance with this Act shall be deferred pending resolution of the application for exemption by the Council.

In the event that applications for exemption are not granted, employees shall receive the appropriate compensation due them as provided for by this law plus interest of one percent (1%) per month retroactive to the effectivity of this law.

SEC. 9. The Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement this Act.

SEC. 10. Any person, corporation, trust, firm, partnership, association or entity violating this Act shall be punished by a fine not exceeding twenty-five thousand pesos (P25,000.00) and/or imprisonment for not less than one (1) year nor more than two (2) years: *Provided*, That any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officer, general manager, managing director or partner.

SEC. 11. The wage increase under Section 1 hereof shall be funded from the Compensation and Organizational Adjustment Fund, the Contingent Fund, and other savings under Executive Order No. 87, otherwise known as the General Appropriations Act for Fiscal Year 1987, or from any unappropriated funds of the National Treasury. Any deficiency shall be charged against the personal services savings of the National Government: *Provided*, That the corresponding amount for the increase therein will be included in the annual General Appropriations Act for the succeeding years.

SEC. 12. All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

If any provision or part of this Act, or the application thereof to any person or circumstance, is held invalid or unconstitutional, the remainder of this Act or the application of such provision or part thereof to other persons or circumstances, shall not be affected thereby.

SEC. 13. This Act shall take effect the day following its publication in two (2) national newspapers of general circulation.

Approved,

*Ramon V. Mitra*  
RAMON V. MITRA  
*Speaker of the House of Representatives*

*Jovito R. Salonga*  
JOVITO R. SALONGA  
*President of the Senate*

This Act which is a consolidation of Senate Bill No. 156 and House Bill No. 2842 was finally passed by the Senate and the House of Representatives on November 26, 1987 and November 25, 1987, respectively.

*Quirino D. Abad Santos, Jr.*  
QUIRINO D. ABAD SANTOS, JR.  
*Secretary of the House of Representatives*

*Eriberto M. Bernal*  
ERIBERTO M. BERNAL  
*Secretary of the Senate*

Approved: December 10, 1987

*Corazon C. Aquino*  
CORAZON C. AQUINO  
*President of the Philippines*